

Message Text

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TO AMEMBASSY MOSCOW IMMEDIATE

C O N F I D E N T I A L STATE 265516

E.O. 11652: GDS

TAGS: ABLD, PFOR, UR, US, AFSP

SUBJECT: MOSCOW AND WASHINGTON CHANCERY COMPLEXES

REF: MOSCOW 15088

IN PREPARING POSSIBLE APPROACH TO NEGOTIATING SOVIET
CONCESSIONS IN EXCHANGE FOR GRANTING SOVIETS PERMISSION
TO BEGIN CONSTRUCTION, THE FOLLOWING DRAFT "NON PAPER" HAS
BEEN PREPARED. WOULD APPRECIATE EMBASSY COMMENTS BY
COB MONDAY 11/10/75.

BEGIN TEXT:

IN RESPONSE TO THE SEVERAL REQUESTS BY THE SOVIET
SIDE FOR PERMISSION TO BEGIN CONSTRUCTION OF AN APARTMENT
BUILDING ON THE SITE SET ASIDE FOR ITS WASHINGTON EMBASSY
COMPLEX BEFORE CONSTRUCTION BEGINS ON THE U.S. SITE IN
MOSCOW, THE DEPARTMENT HAS CAREFULLY CONSIDERED ITS LONG
STANDING POSITION THAT BOTH PROJECTS SHOULD PROCEED IN
PARALLEL. AS THE SOVIET SIDE IS AWARE, IT HAS BEEN THE

DEPARTMENT'S VIEW THAT THE PROVISION OF THE 1972
CONDITIONS OF CONSTRUCTION AGREEMENT WHICH CALLS FOR AN
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AGREEMENT ON A SINGLE DATE FOR COMMENCING CONSTRUCTION ON

BOTH SITES INDICATES SOVIET AGREEMENT THAT CONSTRUCTION SHOULD BEGIN SIMULTANEOUSLY ON BOTH COMPLEXES. HOWEVER, IN ORDER TO ACCOMMODATE THE SOVIET DESIRE TO MOVE AHEAD ON ITS PROJECT THE U.S. SIDE IS PREPARED TO CONSIDER EXCHANGING SITES AND PERMITTING THE SOVIET SIDE TO START ITS APARTMENT BUILDING ONLY IF AND AFTER AGREEMENT CAN BE REACHED ON A NUMBER OF MATTERS OF INTEREST TO THE U.S. SIDE.

1. COMMITMENTS ON COSTS OF CONSTRUCTION AND MATERIALS TO BE PROVIDED BY THE SOVIET SIDE. THE U.S. SIDE WOULD REQUIRE WRITTEN COMMITMENTS ON MUTUALLY ACCEPTABLE PRICES TO INCLUDE THE FOLLOWING:

A. ELIMINATION OF THE 10 SURCHARGE OR ANY OTHER COSTS NOT ASSESSED TO SOVIET PROJECTS, WHICH WE HAVE BEEN TOLD UPDK ASSESSES ON GOODS AND SERVICES PROVIDED IN CONNECTION WITH CONSTRUCTION FOR FOREIGN EMBASSIES.

B. AN AGREED MAXIMUM COST PER SQUARE METER OF FLOOR SPACE FOR THE U.S. COMPLEX IN MOSCOW TO MEET OUR SPECIFICATIONS BASED ON THE COSTS TO THE SOVIETS IN MOSCOW, AND,

C. AGREEMENT ON UNIT COST OF LABOR AND MATERIALS BASED ON COSTS TO SOVIET ORGANIZATIONS IN MOSCOW.

D. AGREEMENT ON LUMP-SUM FEE FOR PREPARATION OF FINAL CONSTRUCTION DOCUMENTS BASED ON AMERICAN DOCUMENTS.

E. WAIVER OF THE USUAL REQUIREMENT OF AN ADVANCE PAYMENT. PARTIAL PAYMENTS TO BE MADE ON THE BASIS OF WORK PERFORMED AND APPROVAL OF MATERIALS PROPERLY PURCHASED AND PROPERLY STORED.

2. AGREEMENT THAT OCCUPANCY OF THE SOVIET APARTMENT HERE CANNOT TAKE PLACE UNTIL CONSTRUCTION ON OUR MOSCOW PROJECT HAS BEGUN.

3. PROVISION OF AN OPTION TO RETAIN OUR PRESENT
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MOSCOW CHANCERY IF DESIRED AFTER COMPLETION OF THE NEW COMPLEX.

4. AGREEMENT BY UPDK TO PROVIDE ADDITIONAL PROPERTY NEEDED BY OUR EMBASSY IN THE PERIOD PRIOR TO COMPLETION OF OUR NEW COMPLEX, INCLUDING THE 21 NEW HOUSING UNITS WHICH THE EMBASSY HAS REQUESTED ON A SPECIFIC PHASED DELIVERY SCHEDULE.

5. AGREEMENT THAT AFTER EXCHANGE OF EMBASSY SITES THE SOVIET SIDE WILL PROVIDE DIRECT ACCESS CORRIDOR THROUGH THE REAR WALL OF OUR PRESENT PROPERTY TO THE NEW SITE AND FACILITATION OF U.S. USE OF THE NEW SITE FOR PARKING, STORAGE OF CONSTRUCTION MATERIALS, RECREATIONAL AND OTHER PURPOSES.

6. A COMMITMENT TO PROVIDE ADDITIONAL ACCEPTABLE RECREATIONAL PROPERTY AS REQUESTED BY OUR EMBASSY WITHIN SIX MONTHS.

7. A COMMITMENT TO PROVIDE AN ACCEPTABLE ALTERNATE BUILDING FOR THE ANGLO-AMERICAN SCHOOL IN MOSCOW WHICH CAN BE OCCUPIED BY AUGUST, 1976.

8. COMMITMENT TO PROVIDE WITHIN THE NEXT SIX MONTHS ELECTRICAL POWER FOR OUR PRESENT EMBASSY AS ALREADY REQUESTED.

9. COMMITMENT TO OFFER ACCEPTABLE WAREHOUSE FACILITIES AT REASONABLE COST WHICH WILL BE REQUIRED FOR OUR CONSTRUCTION WITHIN SIX MONTHS.

10. THE QUESTION OF AGREEMENT ON HEIGHTS OF ANTENNAS WILL BE DEFERRED UNTIL CHANCERIES ARE COMPLETE, AND IN THE MEANTIME NO ANTENNAS WILL BE CONSTRUCTED ON APARTMENT BUILDINGS EXCEPT AS MUTUALLY AGREED.

THE U.S. SIDE WILL BE PREPARED TO PROCEED TO EXCHANGE SITES AND GRANT PERMISSION FOR CONSTRUCTION TO BEGIN ON THE SOVIET APARTMENT BUILDING ONLY AFTER AGREEMENT HAS BEEN REACHED ON THE ABOVE ITEMS. IT IS CONFIDENTIAL

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SUGGESTED THAT AN EXCHANGE OF NOTES AND AN AGREED PRICE SCHEDULE WOULD CONSTITUTE AGREEMENT. KISSINGER

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